

Message Text

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PAGE 01 BANGKO 18193 220312Z

67

ACTION EA-14

INFO OCT-01 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 PM-07

CIAE-00 DODE-00 INR-10 NSAE-00 PA-04 USIA-15 PRS-01

COME-00 FRB-02 XMB-07 OPIC-12 LAB-06 SIL-01 AGR-20

INT-08 DRC-01 SCEM-02 /189 W
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R 220239Z NOV 73

FM AMEMBASSY BANGKOK
TO SECSTATE WASHDC 8435

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E.O. 11652: N/A

TAGS: EFIN ECON. TH

SUBJECT: REVISIONS OF EXCISE AND IMPORT TAXES

REF: A. BANGKOK 17194, B. BANGKOK 17620

1. THE CABINET, AT ITS WEEKLY MEETING YESTERDAY, APPROVED A TAX PACKAGE DESIGNED TO LOWER TAXES ON A WIDE RANGE OF BASIC NECESSITIES AND RAISE TAXES ON LIQUOR, BEER AND CIGARETTES. ACCORDING TO A MINISTRY OF FINANCE OFFICIAL THE PACKAGE ALSO INCLUDES SOME CHANGES DESIGNED TO INCREASE REVENUES FROM THE PERSONAL INCOME TAX. ALSO ACCORDING TO THE MINISTRY OF FIANCE THE PACKAGE WILL RESULT IN NO NET CHANGE OF REVENUES SINCE THE REDUTIONS AND INCREASES WERE DESIGNED TO BALANCE EACH OTHER.

2. THE TAX PACKAGE WAS CAREFULLY PUT TOGETHER BY THE MINISTRY OF FINANCE AND IS THE RESULT OF LONG STAFF WORK AND REFLECTS THE THINKING

FINANCE MINISTER BOONMA. THE TIMING OF ITS APPROVAL-- THE SAME DAY AS AN INCREASE IN BUS FARE-- WAS PROBABLY DESIGNED TO DEMONSTRATE GOVERNMENT CONCERN ABOUT THE COST OF LIVING FOR THE POOR AND TO DEFUSE OPOSITION TO THE BUS FARE INCREASE.

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PAGE 02 BANGKO 18193 220312Z

3. THE TAX REVISIONS ARE IN OUR VIEW ONLY A FIRST STEP TOWARD
THE REFORM OF THE TAX SYSTEM AND THE INCREASE OF THE GOVERNMENT'S
REVENUES WHICH ARE NECESSARY, BUT THEIR APPROVAL IS A POSITIVE
FIRST STEP. THE GOVERNMENT, IN ITS HANDLING OF THE OIL PRICE
INCREASE LAST WEEK AND THE TAX REVISIONS THIS WEEK GIVES EVIDENCE
OF EFFECTIVELY MEETING THE IMMEDIATE ECONOMIC CHALLENGES IT IS
FACING.
KINTNER

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